



The Payday Loan Reform Act of 2005

The Payday Loan Reform Act of 2005 gives Illinois consumers some much-needed protections from falling into an endless cycle of payday loan debt. While this fact sheet summarizes the key provisions of this landmark legislation, consumers should be aware that **the law does not go into effect until December 8, 2005**. Payday loans taken out before that date do not fall under the provisions of this law.

- A lender may charge no more than \$15.50 per \$100 loaned on any payday loan over the term of the loan.
- A payday loan must be written for a period of 13 days or more.
- A lender cannot make a payday loan to a consumer if the loan would result in the consumer's being in debt to one or more payday lenders for more than 45 consecutive days.
- After a consumer pays off the balance of all payday loans he or she took out in a 45 consecutive day period, a lender must wait seven calendar days before issuing that consumer a new payday loan.
- A lender cannot make a payday loan to a consumer who has an outstanding balance on two loans.
- A lender cannot make a payday loan to a consumer that exceeds \$1,000 or 25% of the consumer's gross monthly income, whichever is less.
- A consumer has the right to redeem a check for two days without paying a fee.
- After being in payday loan debt for 35 days, a consumer is entitled to enter into a repayment plan composed of at least 56 days to repay the loan in installments with no additional finance charges, interest, fees, or other charges of any kind. *Any* payday loan outstanding on the 35th consecutive day is repayable under the terms of a repayment plan—not just a loan that is due or past due.
- A payday lender cannot impose any charge on the consumer for requesting or using a repayment plan.
- Members of the military have special protections, including a ban on wage garnishment and deferral of collection activity for personnel deployed to a combat area.



Consumer Fraud Hotlines

Chicago
1-800-386-5438
TTY: 1-800-964-3013

Springfield
1-800-243-0618
TTY: 1-877-844-5461

Carbondale
1-800-243-0607
TTY: 1-877-675-9339

www.IllinoisAttorneyGeneral.gov